

Morman Trail CSD/EA

2006-2007

CEO: 3
SECTOR: 1

**IN THE MATTER OF
INTEREST ARBITRATION**

between

Morman Trail Community School District,

PUBLIC EMPLOYER

and

Morman Trail Education Association,

EMPLOYEE ORGANIZATION

ARBITRATION AWARD

Iowa Public Employment Relations Board

CEO #3/Sector 1

Hearing Date: June 1, 2007

Dennis A. Krueger

Arbitrator

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APPEARANCES

For the Employer: Sue Seitz, Attorney for District
Bob McCurdy, Superintendent
Linda Lovett, Board Secretary
Jan Lundahl, Board President
Pat Evans, Board Vice-President

For the Union: Jim Crotty, UniServ Director
Joann Mackin, ISEA Advocacy Specialist
Don Richardson, MTEA Chief Negotiator

BACKGROUND

The Mormon Trail Community School District (hereinafter "District" or "Employer") is a public employer covered by the provisions of Chapter 20 of the Code of Iowa. The Mormon Trail Education Association (hereinafter "Association" or "Union") is an employee organization certified under the same statutory provision by the Iowa Public Employment Relations Board and representing full and part-time professional staff including classroom teachers, guidance counselors, librarians, school nurses, coaches, and music teachers. The Employer and the Union are parties to a Collective Bargaining Agreement covering the duration from the first day of the 2006-2007 school year to the first day of the 2007-2008 school year, which is part of this record and is Joint Exhibit #1. While bargaining collectively since the inception of collective bargaining in Iowa thirty years ago, this is only the second time that this professional unit of educational employees and the District have utilized arbitration to settle the terms and conditions of the master contract. The previous arbitration hearing was for the 2005-2006 school year.

HEARING

This matter came for hearing at 5:00 p.m. on June 1, 2007, before the undersigned arbitrator who was appointed as impartial arbitrator through the utilization of an independent impasse agreement pursuant to Section 20.19 and 20.22 of the Iowa Public Employment Relations Act and mutual agreement of the parties. A copy of the waiver is contained in this record at Exhibit A-12. At the onset of the hearing the District and the Association waived panel member representation and agreed that the undersigned would be the sole arbitrator for this interest dispute. Both parties were afforded a complete opportunity to present written evidence and witnesses, to examine witnesses, to argue their respective positions, and to provide rebuttal information. The hearing concluded at

approximately 7:30 p.m. on June 1, 2007. The parties chose to not file written briefs, and the record on which this decision is based was closed at that time. The parties agreed at the close of the hearing that the decision of the arbitrator is to be issued not later than June 15, 2007, by placing the award in ordinary mail addressed to the parties as designated on the appearance sheet. Subsequently, through the Iowa Public Employment Relations Board to the Parties, this arbitrator requested an extension of time until on or before June 25, 2007, for rendering the decision. Both parties agreed to that request and this arbitrator appreciates that professional courtesy.

In rendering these findings and the arbitration award, the arbitrator has given full consideration to all reliable information and evidence relevant to the impasse items. The neutral has also reviewed several times the complete written record and tapes of this proceeding including exhibits, testimony, and arguments of the District and the Association. The arbitrator has likewise reviewed and used the criteria specified for arbitrator consideration in Section 20.22(9) of the Iowa Code. Specifically these criteria are the following:

- (a) Past collective bargaining contracts between the parties including the bargaining that led up to such contracts
- (b) Comparison of wages, hours, and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved
- (c) The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of such adjustments on the normal standard of services

- (d) The power of the public employer to levy taxes and appropriate funds for the conduct of its operations

STATEMENT OF THE IMPASSE ITEMS

The Iowa Supreme Court in *West Des Moines Education Association v. Public Employment Relations Board* (1978) has stated that "In order to carry out this legislative intent we interpret the phrase "impasse item" means subject categories which requires the parties to submit to an arbitrator their final offer on a subject category basis. Each subject category submitted shall constitute an *impasse item*." Those subject categories are listed in the Iowa Code at Section 20.9

The parties have agreed in the submission of final offers (Association Exhibits A-4 and A-5; District Exhibits #4 and #6) that the one subject category remaining open for arbitral consideration is **Wages**. Through discussion and agreement of the parties during the hearing, this was determined to be more specifically the total package per cent increase as uniformly calculated and agreed upon by both parties. Given this total determination, the parties have then reached agreement on insurance, base salary, supplemental pay, and all other items so there exists no open issues other than the total package increase regarding wages

Under statutory authority and obligation as required by Section 20.22 (11) of the Iowa Code, this arbitrator shall select in his judgment the most reasonable offer on the *impasse item* of Wages

NEGOTIABILITY DISPUTE

As the issues were being defined, the District did assert at the onset of the hearing that Section F (Resignations) of Article XIV, Wages and Salaries, to be a permissive subject of bargaining and stated there has not been agreement to retain that paragraph in the contract. While no negotiability dispute papers were provided to this neutral at this hearing, PERB was notified of the District's position by this neutral. The District, the Association, and this neutral are all in agreement that it is not in the purview or the province of this neutral, or any neutral, to determine the negotiability (mandatory or permissive nature) of any specific bargaining topics or language. That task is a responsibility of the Public Employment Relations Board and it is left to the District to proceed to PERB, if it so desires, to resolve the alleged negotiability question.

The primary issue of concern for this neutral is making certain that ALL contract language issues are covered and not left dangling at some future point in time after the issuance of this award. In discussion with the parties, clarification was provided by both parties that neither would present any case, rationale, or evidence regarding the "liquidated damages" language contained at Section F. Resignations of Article XIV – Wages and Salaries. Absent any evidence or rationale in the record whatsoever pointing toward changing language in a current collective agreement, and the mutual agreement of the parties, this neutral simply states that current contract language will continue unless or until a negotiability dispute resolution determines differently. This determination also agrees with the last statement on District Exhibit #4 which states, *"If for any reason, PERB were to rule it (Section F) a mandatory subject of bargaining, then the current language would remain in the contract for the 2007-2008 year."*

POSITION OF THE PARTIES FOR THE IMPASSE ISSUE

WAGES

			Total Package Increase
Current Contract	BA Base	\$25,900	
District Arbitration Position	BA Base	\$26,950	+4.70%
Union Arbitration Position	BA Base	\$27,350	+5.70%
2006-2007 Contract Cost	\$1,309,937	(Total Package Cost)	
2007-2008 Contract Cost	Total Package Cost, \$ Increase, and % Increase		
District Arbitration Cost	\$1,371,622	\$61,684	+4.70%
Association Arbitration Cost	\$1,386,012	\$76,075	+5.70%

There existed no substantial dispute on the costing of the proposals of each party. This position is stated by the District on Exhibit #4, page 1 at paragraphs one and two,

"We have attached an illustrative cost out that will generate that 4.7% package. We will verify with the Association this cost out, so that if the arbitrator selects the District's position, that we do not have any disagreement on the base salary."

"The District also understands that there is agreement on the Insurance article to have the District to continue to pay the full costs of single coverage, that there is agreement on the Supplemental Schedule, as well as agreement on the lanes steps, increments, and longevity pay of the Salary Schedule and agreement on all language items. The base on the salary schedule is the sole issue in dispute and it will be determined by the award of either the District's or the Association's final package offer."

The Association echoed agreement with the District's words and indicated agreement on all other items and the costings which comprise the total package

For all practical purposes relevant to analyzing and reaching a final determination in this dispute, there are no real cost differences between the parties. Small differences were attributable to differences in rounding or explained easily away to this neutral as *de minimus* given the total package cost approaching \$1.4 million. The neutral appreciates that the advocates have been able to substantially agree on the sometimes contentious and complex issue of placing a dollar figure on the many different costs comprising the final issue in dispute, and the two possible settlement award packages. Such costing efforts on the part of the respective teams indicate a level of competency which makes the entire negotiation process flow smoother while making the task of this neutral easier.

ARGUMENTS OF THE PARTIES

The District did not claim an inability to pay the Association's final offer. It did argue that Mormon Trail has faced a string of recent years where it was spending more than it was receiving and it is now time to apply the financial brakes to prevent future depletion of funds and attached negative consequences. Previous settlements have recognized the importance of recruiting and retaining excellent teachers and those settlements have consistently been at or slightly above the state average settlement despite having lower than state average allowable growth. The District during recent years has been fiscally responsible and has modified staffing, programs, and expenditures to respond to the lack of regular program growth funds. Given this honest attempt to seek a fair and average

pattern of settlements in the past, certainly no "catch-up" is warranted at this time as the District's offer is once again at or near the statewide average total package.

The District believes that any comparability must take into account factors "peculiar to the area", especially the Bluegrass Athletic Conference, and cites such factors to include similar student enrollments, economic conditions within the school and community, open enrollment impact, and tax burden already levied by a community that is not wealthy. A more detailed description of the District's arguments, District Summary, is contained at the end of the District's exhibits and has been studied by this neutral.

The Association in its opening statement argued that Mormon Trail is receiving the highest regular program increase (6.93%) since 1990. After seven years of averaging 0% RPI and settlements averaging in the range of 4.4%, it is time for the teachers to obtain a larger salary increase of 5.8% and make up for the "lean years." Their comparability is based on similar enrollments, districts with bargaining units inside a 40-mile radius, four-county or contiguous area districts, and over 200 voluntary settlements from around the state. Since Mormon Trail competes with other districts for teachers within the four-county contiguous area, this comparison group is especially important to the Association...

With potential turnover savings, the levies in place, and the highest unspent balance in history, the District will be able to fund the additional \$14,000 above the District's final offer and meet the Association's final offer.

FINDINGS OF FACT AND DISCUSSION

WAGES

(a). Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.

There was only one collective bargaining agreement entered into this record as Joint Exhibit #1. As a result, the past bargaining history and any rationale for language construction in previous master contracts was relegated more toward the numerical history of regular program increases, financial happenings within the district, and previous settlement packages. No references were made by either party regarding the specific bargaining interaction that led to this current master contract, or the trade-offs which might have occurred as a *quid pro quo* for wages. While the District did talk about the linkage between wages and insurances in D-23 and D-23A, no history was provided related to its origination. In reviewing Association Exhibit B-2 and District Exhibit #9 and other exhibits, this neutral has made a composite table below. It is clear with some minor variances due to sources and reporting that the District and the Association have negotiated increases for the teaching staff over the past six consecutive years that were at or even above the statewide average settlement figures. Five of the six settlements were voluntary indicating agreement of both parties on the result. The highest total package was not the arbitration award. This pattern over a six-year period happened while the District averaged no regular program increases.

TABLE ONE

	MT NM	ST AVG NM	DIFF	MT TP%	ST AVG TP%	DIFF
2000-2001	0%	--	--	4.53%	--	--
2001-2002	0%	2.60%	-2.60%	5.04%(5.3%)	4.47%	+0.57%
2002-2003	0%	0.66%	-0.66%	3.84%(3.74%)	3.71%	+0.13%
2003-2004	0%	0.74%	-0.74%	4.10%(4.20%)	4.09%	+0.01%
2004-2005	1.43%	1.10%	+0.33%	4.14%(4.06%)	3.82%	+0.32%
2005-2006	1.0%	1.99% ARB	-0.99%	4.51%	4.36%	+0.15%
2006-2007	-2.40%	2.25%	-4.70%	4.50%(4.49%)	4.49%	+0.01%
AVERAGE	0.0%	1.56%	-1.56%	4.36%(4.38%)	4.16%	+0.20%
2007-2008	6.93%	2.46%	+4.47%			
			District 4.7%	4.89% (IASB)	-0.19%	
			Association 5.8%	5.03% (ISEA)	+0.77%	

Past bargaining history and settlements have been at the state average settlement trend while the district was receiving below average regular program growth increases. This year they are at the state average once again. The District indicated that when final offers were exchanged in the middle of May, it was attempting to target the same average statewide settlement range and that later settlement data had modified settlement reports upward. This neutral realizes that the number of settlements and data

have changed for both parties since the exchange date of final offers and that has been factored into the award.

When reviewing the record of the history of negotiations, the District's evidence is stronger in that the District did provide at or near statewide settlement averages – even when mitigated by zero average allowable growth increases. The far right column in **TABLE ONE** actually indicates that all previous settlements were at or ABOVE the statewide average.

Over its many years of existence, it is the perception of this neutral that Iowa's Chapter 20 has developed a "funnel of mediocrity" when neutrals impose or select a settlement offer. Districts with low funding and/or finances are generally pulled upward toward the settlement mean, while districts with excess funds or high growth are pulled downward or dampened toward the settlement mean (assuming no other mitigating financial factors). Had the parties settled BELOW the average statewide or other accepted settlement trends, there would exist a 'margin' or a difference that the Association could effectively use to sustain an argument of "catch-up" or recovering lost financial ground in wages. This neutral finds that the term "average," more so than the term "lean," describes the total package settlement history. For the Association to succeed with its argument, it would have to show that Mormon Trail settlements were below average settlements and convince this neutral to tip the settlement seesaw in the other direction to balance the playing field. The Association did not accomplish that task with bargaining history.

(b). Comparison of wages, hours, and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.

Both parties have strategically selected comparability groups and comparative information to support and bolster the case for their final offer. One of the jobs of this neutral is to analyze without personal involvement or emotion the comparable groups and provide appropriate weight to the information which they impart. At times this job is to also note what information was perhaps omitted, note contradictions, aberrations, or flaws in the arguments used such that the most reasonable option is able to appear

As an example, the neutral finds the District used the Blue Grass Athletic Conference as the one major comparability group including the non-collective bargaining school districts within the conference. The Association used a group called "Similar Enrollments Within 40 Miles" which was basically the same list with the non-bargaining districts deleted. While athletic conferences commonly carry much weight with this and other neutrals under comparability standards in Iowa, this neutral does note and separates statutorily recognized bargaining units from unorganized 'meet and confer' districts given the legal, political, and structural differences. That change in group comparisons contrasts a 4.87% total package with a 4.49% total package. See TABLE TWO.

District #20 provided wage and income comparisons and poverty levels for the Mormon Trail geographic area. It listed Decatur, Wayne, Lucas, and Clarke Counties in discussing these concepts. The Association used those same four counties and four

school districts contained within to argue teacher salary comparisons. Both parties selected the most advantageous bits of information for their case and both have some merit and some incongruity. This neutral has to view the entire set of facts presented (or puzzle pieces), analyze the merits and weigh the evidence, and then finally determine the most reasonable offer to select. Given that the Mormon Trail District is an "island" contiguously surrounded by the four counties, there is certainly interaction and impact taking place on several different levels. One cannot accept the relevance of this group to advance or argue one concept for one party, while dismissing entirely an argument for the other party. This is true whether for poverty comparisons, salary comparisons, district size comparisons, open enrollment, or educational competition. This neutral gives weight to the athletic conference minus the non-bargaining districts and the four county/four school district grouping.

Morman Trail educators rank 342 out of 365 on Total District Experience with just over eleven years of experience and 294 out of 365 on Degree Earned (Association A-9). This accounts in part for the below average salary comparisons with the conference and county groups. The teacher:student ratio in Morman Trail is 1 to 10.12, which is lower than the state average of 1 to 13.83, and yet higher than the Blue Grass Conference average.

The District stated in its "Summary" that it "has recognized the importance of recruiting and retaining excellent teachers." Association Exhibit B-2 indicated that for the 2004-2005 contract, the parties agreed to drop the first three steps of the salary schedule (thereby raising the hiring base and not changing other schedule structure). In looking at

Association Exhibit #9 relating staff placement, it noted that 11 teachers (37%) have three or less years of experience and 18 teachers have (61%) have six or less years of experience. This is indicative that new hires have been made in recent years. Both the Association and the District provided comparability around salary schedule benchmarks (District #21 and Association C-3 and C-6). In summation, the schedule ranks well in initial hiring steps and then weakens as one moves through the schedule, and then (if one stays in the district long enough) begins to improve at the maximum salary. This information does identify concerns around the salary schedule and pay practices – having to roll up three steps to improve hiring practices, the small flat dollar increments (albeit they go on forever), and the lack of incentive for advanced degrees.

The first concern of this neutral is that ALL of the data provided by both parties is a “one-year snapshot”, thus one is not able to discern whether the pay practices are improving or diminishing when compared relative to other districts. This neutral would be more inclined to award the Association’s position if the Association were to verify the erosion of pay practices between the District and other districts in its comparability groups. Not knowing whether the ranking when compared to others is improving or dropping, and the rate there of, places this neutral closer to the status quo and the District’s final offer.

The second concern is that the parties have already agreed to the same distribution or methodology of the salary schedule, supplemental pay, and insurance for next year. Whatever strengths or weaknesses contained in benchmarks, minimums, maximums, averages, etc. will continue under the new master agreement. This neutral has noted the insurance benefits and insurance package and the interplay with wages and the comparatives with other districts (District # 23 and #23A). There is no fine tuning of final

offers as might be suggested by some of the arguments of the parties. The issue before the arbiter is to find the most reasonable number of dollars to spend on the total package

TABLE TWO
Exhibits Summary for Association and District

Group	RPI	TP Inc
Similar Enrollment/40 Miles (N=8)	1.37	4.87
Four County Area Competition (N=4)	1.48	4.60
Negative RPIs (N=33)	-1.73	4.62
Below 6.93% RPIs (N=211)	2.17	4.92
RPIs +/- 0.5% (N=16)	6.92	5.96
Statewide ISEA (N=234)	2.87	5.03
Statewide IASB (N= 188)	2.47	4.73
Bluegrass Conference (N=11)	n/a	4.49
Top 12/Bottom 12	n/a	n/a
Composite (N=?)	2.56	4.76
District	6.93%	4.71% 296
Association	6.93%	5.81% 296

(c). The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of such adjustments on the normal standard of services.

This District through its final offer has already indicated that it will be able to fund a total package increase of 4.71 % with increased costs of \$61,684. The Association has determined that a 5.81% package is more reasonable and needed by the educational professionals in Mormon Trail at an additional cost of \$14,394 above and beyond the District's offer. This neutral has not overlooked the cost and the budgetary impact related to settlement of this dispute. With this bargaining unit's total package costs approaching \$1.39 million dollars and the maximum authorized budget approaching over four million dollars, the added dollars for either settlement could be found without impacting the normal standard of expected services.

Both the District and the Association provided scattergrams for current placement of staff (A-9 and D #22). The assumption used for costing purposes was that all staff were used and projected forward to return. Association A-6 "Potential Turnover Savings" indicates that added turnover savings would be available to fund the settlement. Terms such as "potential", "projected", or "estimated" bother this neutral — that is true whichever party is using them. There will be an actual figure at some point in time and that figure will be savings that can be used and spent since turnover is generated from a recurring budget line item (salaries). That exact figure is unknown at this time. While there were actual turnover savings from previous years, those figures and averages over some period of time were not made part of this record.

The District argued that some positions would be replaced, and indeed must be replaced by statute, in full or in part such as the guidance counselor. Additionally, turnover funds, or funds saved by reducing staff and not replacing them, have been used by the District to fund past settlements when no new money was received. District Exhibit #14 (Financial Analysis Recommendations) dated Winter 2003 (February 11, 2004), provided insight into the thoughts, planning, and actions of this District. TABLE THREE provides some financial history with area of most concern being the downward turn of the Ending Fund Balance in the far right column. The revenues and expenditures from the operating fund (D #11) and the pattern occurring within the general fund balances on D #12 verify that sources of raises were personnel reductions and depleting reserves. For the first time in several years, the District is utilizing some cash reserve levy although tax rates are generally lower than comparable districts.

TABLE THREE

Morman Trail Financial History

<u>Budget Year</u>	<u>RPI\$</u>	<u>Actual Expd</u>	<u>Unspent Bal.</u>	<u>End Fd Bal.</u>
2000-2001	0	\$2,566,585	\$1,020,808	\$698,293
2001-2002	0	\$2,638,513	\$ 987,339	\$747,289
2002-2003	0	\$2,590,020	\$1,042,364	\$724,958
2003-2004	0	\$2,639,158	\$1,046,538	\$645,491
2004-2005	\$21,412	\$2,638,600	\$1,111,628	\$729,999
2005-2006	\$15,191	\$2,809,740	\$1,156,911	\$634,701
2006-2007	(\$37,559)			
2007-2008	\$103,707			

Declining student enrollment has greatly affected the District's financial resources because Iowa's school funding method is based on student enrollment without regard to threshold costs for operating an effective and quality education program. The simplified funding equation is "enrollment = money". This District's history of declining enrollment ranks it 324 out of the 365 Iowa districts and stagnant state funding has generated added financial budgetary burdens. Compounding that general enrollment problem is the egress of students through the open enrollment process (District Exhibit #10 and Association Exhibit D-10). As the District struggles to realign budgets and programs to maintain a quality education program, the loss of students through open enrollment results in long term loss of funding (since the money follows the students) only generating additional budgetary concerns and program considerations.

This neutral finds that the District does have the ability to finance economic adjustments and has a record of doing so in the past. The question once again is one of reasonableness. The welfare and interests of the public are protected while not impacting the standard of services which this District supplies to its patrons and students.

(d). The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

Both sides listed, explained, and discussed taxes. The bottom line is either final offer can be funded without pointing to any specific tax or tax increase. Funding this award is not a matter of new taxes but a matter of knowledge of revenues and prioritization of expenditures. Exhibits introduced at this hearing indicate that this District has an admirable record of prioritizing expenditures and finding funds for at least average

settlements even in tough financial times in a poor geographic sector of Iowa. While there is an increased cost associated with either settlement offer, there is also the cost of doing business in the professional education arena. This neutral thus feels it is unnecessary to address in depth the ability to fund this settlement. This District has a record of instituting appropriate funding mechanisms in a prudent manner that allows it to conduct its operation of providing quality education. The neutral also realizes whether balancing a personal budget or the budget of a school district, the choices are not always easy. They become a matter of personal priorities and district priorities. I am confident that the funds exist to fund this award without causing any additional District hardship or added taxes.

WAGE AWARD

The District's position on wages is the most reasonable when considering statutory criteria and looking at the record as a whole.

The District's position of a 4.7% Total Package is hereby awarded.

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RELATIONS BOARD

CERTIFICATE OF SERVICE

I certify that on this 25th day of June, 2007, I served the foregoing Arbitration Award upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Sue Seitz

Jim Crotty

Belin Law Firm

ISEA

2000 Financial Center

666 Walnut Street

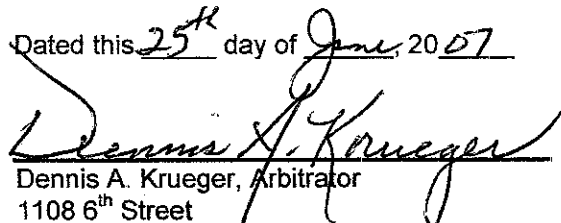
777 Third Street

Des Moines, Iowa 50309-3989

Des Moines, Iowa 50309-1301

I further certify that on this 25th day of June, 2007, I have submitted this award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, Iowa 50319-0203.

Dated this 25th day of June, 2007


Dennis A. Krueger, Arbitrator
1108 6th Street
West Des Moines, Iowa 50265